

Dear Sir -

While I recognize that businesses will not make investments without an expectation of an adequate return, I nonetheless believe that the incumbent Bells operate an essential facility and that forcing them to sell access to other ISPs will not measurably impact their revenue streams. To the contrary, greater competition through the existing infrastructure will force the Bells to either improve their DSL services or cede the market to superior competitors. On the other hand, allowing the Bells to deny competing ISPs access to their lines would effectively create government-sanctioned monopolies in this field in contravention of both the letter and the intent of the 1996 Telecom Act.

The Bells and the Wall Street Journal editorial page will argue that without a federally-granted monopoly, there is little or no economic incentive to expand the availability of DSL services to areas that currently are not served. To some extent, this is true. However, in light of the history of the Bells, it is unlikely that an FCC-established monopoly in DSL services would generate sufficient incentives for the Bells to expand their services. The Bells consistently have dragged their collective feet, both for expansion and improvement of service. Why? Because establishing service to new areas means high costs and low revenues in comparison with areas already provisioned. The same is true of upgrading existing services.

A striking parallel can be drawn with cable companies' upgrading existing customer bases from analog to digital cable. Cable companies have solid monopolies almost everywhere, yet the pace of upgrades has been painfully slow. Cox Cable in Northern Virginia is a prime example of this. We have no reason to expect that the Bells would do any better.

Therefore, despite a guaranteed revenue stream, the Bells most likely still would supply a level of service below that expected by consumers, at a price above that expected by consumers. The money thus saved would only serve to pad the already-high monopoly rents they extract from consumers.

I urge the honorable Chairman and his colleagues to not eviscerate the 1996 Telecom Act. Thank you for your time.